

14 Lecture - MGT401

Important Subjective

1. **What is the purpose of presenting assets in order of liquidity?**

Answer: The purpose of presenting assets in order of liquidity is to provide users of financial statements with an idea of the company's ability to meet its short-term obligations.

2. **What should be disclosed in the balance sheet about significant estimates or judgments made in determining the value of assets?**

Answer: The balance sheet should disclose the nature of the estimates or judgments made and the impact they have on the value of the assets.

3. **How does the presentation and disclosure of assets in the balance sheet help stakeholders?**

Answer: Proper presentation and disclosure of assets in the balance sheet provides transparency and helps stakeholders make informed decisions.

4. **Why is it important to properly classify assets into current and non-current categories?**

Answer: Proper classification of assets into current and non-current categories helps users of financial statements understand the company's liquidity position and its ability to meet its short-term obligations.

5. **What should be disclosed in the balance sheet about any restrictions on the use of assets?**

Answer: The balance sheet should disclose the nature and extent of any restrictions on the use of assets, such as pledges or liens.

6. **How do non-current assets differ from current assets?**

Answer: Non-current assets are assets that are not expected to be converted into cash within one year or the normal operating cycle of the business, while current assets are expected to be converted into cash within one year or the normal operating cycle of the business.

7. **What is the significance of disclosing the method used to determine the value of assets in the balance sheet?**

Answer: Disclosing the method used to determine the value of assets in the balance sheet helps stakeholders understand the reliability and accuracy of the reported values.

8. **What is the purpose of disclosing any significant estimates or judgments made in determining the value of assets?**

Answer: The purpose of disclosing any significant estimates or judgments made in determining the value of assets is to provide users of financial statements with an understanding of the level of subjectivity involved in determining the value of assets.

9. **How does the proper presentation and disclosure of assets in the balance sheet benefit the company?**

Answer: Proper presentation and disclosure of assets in the balance sheet enhances the company's credibility and transparency, which can improve investor confidence and help attract financing.

10. **Why is it important to disclose any restrictions on the use of assets in the balance sheet?**

Answer: Disclosing any restrictions on the use of assets in the balance sheet is important because it can affect the company's ability to use those assets to generate revenue or obtain financing.